

2007 Report on Act 82. Section 18

**An Act Relating to Education Quality and
Cost Control: Financial Management of
School Districts and Supervisory Unions**

Report to the Senate Committee on Education

November 15, 2007

Submitted by:



**School Finance Division
(802) 828-0470**

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Financial Management of School Districts and Supervisory Unions

Introduction

This report expresses the views of the Department of Education after conducting research and consulting with others as prescribed in the law. Section 18 of Act 82 of the 2007 legislative session required the commissioner of education, in consultation with others, to study the financial management of school districts. This report describes what the Department of Education learned and recommends.

Before beginning the details of the report we think it will be helpful to briefly describe the current organization and operations of school districts in Vermont and how the wide diversity makes comparing financial information among the districts of limited value.

Administrative services are provided through service units called supervisory unions. A supervisory union comprised of one district is called a supervisory district [16 VSA § 11(24)]. There are 12 supervisory districts. Two districts are administered by interstate school districts. The remaining 266 school districts are arranged in groups of two or more to comprise 46 supervisory unions.

The law gives considerable flexibility to how programs and administrative services are provided by supervisory unions (16 VSA § 261a). In some cases special education and transportation services are provided by the supervisory union; in others those services are provided by the districts within the supervisory union, and there are many cases where parts of these programs are provided by both the districts and the supervisory union.

Some supervisory unions provide certain program staff to the member districts such as reading or math specialists. In other cases these staff members are on the district payroll. The law also allows supervisory unions to form collaborative programs for member districts. Most of these are alternative education programs for students who face certain challenges.

Two or more districts can form a union school district to provide education for grades K - 12 or some of the grades, 7 - 12 for example. A union school district that provides K - 12 education for the students within its boundaries is called a unified union, and when one is created the underlying town districts cease to exist. When the union district provides some of the grades the member districts usually operate schools for the remaining grades. In some cases the member districts do not operate schools but provide education by paying tuition for their students to attend schools in other districts.

Two or more school districts can agree under terms of a contract to operate a school jointly (16 VSA §§ 571 & 572). This does not create a school district but certain aspects of the governance structure make it appear like a district.

Recently the law has permitted regional technical centers to separate from districts that have hosted them and to become districts themselves. To date three technical centers have formed technical center school districts under Subchapter 5A of Title 16. This presents further complications when attempting to compare per student expenditures across the state.

Recent attempts to compare per pupil expenditures in the districts have fallen short as have earlier attempts over the past few decades. This has caused some to question the financial management of districts, hoping that a better accounting system will allow for more meaningful expenditure comparisons. We find that the current accounting system, which is the fundamental component of a financial management system, accurately describes what is occurring among Vermont schools; that is, a wide variety of operations and programs located in different levels within supervisory unions and their districts where comparing one district to another is like comparing apples and oranges.

The current financial management system is not the reason for the difficulty in making per pupil spending comparisons. Certainly a number of improvements can and should be made but even the ideal system would not sort out the huge complexity in the way education is organized and delivered in Vermont in a way that will make comparisons useful.

Vermont law provides supervisory unions and districts flexibility in the way they operate. Making comparisons of fiscal data across districts, especially per pupil expenditure comparisons, requires more consistency in the way districts are operated and governed. Uniformities bring consistency and the ability to make better comparisons while flexibility allows matters to be worked out locally. The proper mix of the two is still a matter of debate.

Discussion and Findings

Section 18 of Act 82 states:

The commissioner of education, in consultation with the Vermont Superintendents' Association, the Vermont School Boards Association, and the Vermont Association for School Business Officials shall:

(1) Examine the systems of financial management currently used by Vermont school districts and supervisory unions.

School districts are required to follow the Handbook for Financial Accounting of Vermont School Systems. The latest revision of this handbook was in 1997 and it needs to be revised again. The department had identified \$120,000 of general fund for this revision in 2003 but this was removed by the Legislature to fund other priorities in state government.

Six chapters that comprise the handbook present material under the following headings:

1. Introduction. Describes the basic concepts of governmental accounting and briefly describes other pertinent publications
2. A Governmental Financial Accounting and Reporting System
3. Fund and Budgetary Accounting
4. Classification and Terminology
5. Cost Accounting
6. Financial Reporting

The appendix provides sample documents and other details.

A survey was sent to each supervisory union (SU) office with questions about how financial management was handled. We received 44 responses from the 60 supervisory unions, districts and interstate districts.

To the question, "How closely does your system follow the Handbook of Financial Accounting of Vermont School Systems, 1997 Edition (formerly known as Handbook II)?"

- 7 reported exceeding standards
- 32 reported meeting most standards
- 1 reported meeting some standards
- 4 reported needs improvements

To the question, “The financial management of the districts within your SU is handled primarily by the:”

Where Financial Management Occurs	
Supervisory Union Office	34
District Office	8
District Treasurer	2
Total	44

Survey results indicated that 12 different software packages are in use ranging from off-the-shelf general purpose accounting products to specially designed school accounting products.

To the question, “Are you pleased with your financial management software? “

17 reported being not pleased

Of the 17, 8 reported not changing because of cost

Another 9 are in the process of changing.

27 reported being pleased.

The per pupil cost of financial management systems ranged from \$4 to \$100. The average per pupil costs was \$44.25. Most of the systems were accounting packages and did not link payroll or human resource data as would be found in an enterprise resource planning (ERP) system.

(2) Examine the range of training and expertise currently held by persons responsible for the financial management of Vermont school districts and supervisory unions.

A survey was sent out to each SU office with questions for business managers to answer about their training and experience. We received 41 responses from the 60 supervisory unions, districts and interstate districts.

Three questions about the highest level of higher education attained were asked.

	Highest degree	Highest level or degree in accounting or related field	Highest level or degree in governmental accounting
Some College	6	6	4
Associate of Arts	3	2	1
Bachelors	22	12	4
Masters	10	6	4
Total	41	26	13

Five of the 41 respondents are certified public accountants.

Thirteen of the 41 respondents have taken a financial management course within the last two years.

The list of other types of training business managers receive is in the appendix.

To the question, “What was the most critical piece of training you received as a new business manager and how was it provided?”

Responses included on-the-job training, networking, VASBO workshops, Department of Education workshops, Department of Education staff, and mentoring. The list of all responses is in the appendix.

To the question, “In the last three years, have you attempted to find training or course work to improve your skills but been unsuccessful?”

Thirty responded as not having a problem finding training while 11 reported they were unable to find training or coursework.

Those who were unsuccessful in finding training reported looking at the following places.

CCV, Online, college & university
 UVM, CCV
 College courses - none that really pertained to Vermont Business Management
 DOE, Colleges
 CCV; UVM; etc.
 On-Line Course, In-state colleges
 VT Society of CPAs, UVM, Tech Center, ASBO
 VASBO Champlain UVM
 Local colleges and satellite programs
 Four-year colleges, graduate schools, community colleges
 Local institutions of postsecondary education.

Responses were varied to the question, “List one area most important to you that should be offered as professional development.” We expected that there might be a few major themes in this area. That there was not demonstrates the many different functions business managers are expected to perform. The complete list of responses is in the appendix.

The averages of the responses to the question, “Approximately what proportion of your time is spent in each of the following areas?” are in the table below. The complete table of responses is in the appendix.

Financial Accounting	Cash management	Grants management	Budget development for SU	Budget development for districts	Negotiations	District operations	Other
26%	6%	11%	7%	22%	5%	15%	8%

The questionnaire allowed for other comments. The complete list of responses is in the appendix and is informative.

The table below gives the responses to the question, “Have you completed the VASBO certification process?”

Completion of VASBO Certification	
Yes	16
No	17
In Progress	8

(3) Examine and assess the training or credentials required of financial managers employed by public schools or school districts in other states.

In August 2004 the Association of School Business Officials International produced the report, “The State of State Certification for School Business Officials.” According to this report 16 states require a certificate or license, 15 states have voluntary certification programs (includes Vermont) and 19 states and the District of Columbia have no policy or programs.

Certification Requirements for New England and New York School Business Officials	
Connecticut	Certificate or License Required
Maine	No requirements
Massachusetts	Certificate or License Required
New Hampshire	Certificate or License Required
Rhode Island	Certificate or License Required
Vermont	Voluntary Certification
New York	Certificate or License Required

States with mandatory certification generally have minimal degree requirements in related fields and some have exam requirements for the initial certification. Renewal processes vary from requiring a minimal number of continuing education units to participation in specific programs. States with voluntary certification programs also have a wide variety of offerings. Most have minimal degree requirements, continuing education programs, and some have portfolio requirements.

Vermont’s voluntary certification program administered by the Vermont Association of School Business Officials can be found in the appendix.

(4) Develop proposals to ensure that all school districts consistently use uniform, high-quality financial management practices.

1. We believe that continuing with a voluntary certification program should be continued. Mandated programs can be expensive and would have associated ongoing oversight costs.

Supervisory union offices report that it is difficult to find qualified candidates to fill vacant business manager positions. With just 60 offices in the state, it can be difficult to achieve large enough numbers to make training programs economically feasible. The effort made by the Vermont Association of School Business Officials is considerable, yet is run on scant funds by people who are already very busy. Because of that, it cannot be extensive in all areas that require training. If resources could be identified, this program could be made more comprehensive.

2. The Handbook of Financial Accounting of Vermont School Systems needs to be revised. The department has been working on this project for several years but needs resources to provide expertise we lack and to produce a document that will be useful to experienced business managers with well functioning systems and new business managers trying to revise outmoded systems.
3. Opportunities for the initial preparation of a school business manager need to be provided. While the relatively small numbers of these positions in Vermont make sustaining such a program difficult, further work needs to be done to identify alternative and cost effective means. On-the-job training with assistance from colleagues and VASBO are the primary means today. Higher education course offerings in financial accounting and even governmental accounting are helpful but do not cover all that is needed. Operating in the complex Vermont and federal funding systems is challenging and difficult to learn on the job.

(5) & (6) Financial Management System Integration

(5) Consider ways to integrate the financial management systems among all school districts in order to assist districts to share financial information with each other, with the public, and with the department and identify the data that the department would seek from the districts if the systems were integrated.

(6) Determine the length of time and the estimated cost of implementing an integrated financial management system, including approximate costs of system maintenance and upgrade.

The basis of this section results from a web search on what has been done in this area in other states. The most useful and recent was a study performed by a consulting group for the state of Texas. The Texas Education Agency included the results of the contractor's work in its report to the legislature in January 3, 2007, and is summarized below.

“Review and Evaluation of Accounting Systems and Financial Management in Independent School Districts and Charter Schools.”

A Report to the 80th Texas Legislature from the Texas Education Agency

This study provided recommendations on the feasibility of a state-provided standardized accounting system. In the end, the Texas Education Agency did not recommend a state provided

system. Primarily, the report stated, to provide benefits that would justify the cost such a system would need to include data systems for human resources and student information. They found that only two states provide state systems now, Arkansas and Kentucky.

Kentucky's implementation of a state system was begun in 1992. The effort was a major technology upgrade dealing with instructional infrastructure and software, administrative systems, and support systems. Cost estimates at that time were \$342 million in one-time costs, \$122 million per year for operation and maintenance costs, and \$30 million per year for upgrade, replacement, and expansion costs. In 1996 the one-time costs had risen to \$560 million. In 2005, Kentucky reported that the annual costs were significantly under funded limiting the usefulness of the system (p. 5-8).

The accounting package was a small piece and was estimated to cost \$35,000,000 between 1994 and 2000. The recurring operating costs of the accounting system was estimated at \$38,000,000 between 2001 and 2006 (p.5-7&8). Kentucky has 668,000 students in 176 districts (p.5-21).

Arkansas spent about \$1,600,000 on a state accounting system for its school districts. This was a component of a larger system purchased for \$2,700,000. The Arkansas Department of Information Services charges the state education department and school system \$17,000,000 annually to maintain services and the network. (p.5-11). Arkansas has 452,000 students in 253 districts (p 5-21).

Systems that combine accounting and human resources but not student information are currently on the market. Texas found them to be cost prohibitive for districts smaller than 150,000 students (p. 3-9)

The Texas Education Agency did recommend a certification program for accounting system software that districts would purchase.

The Texas report listed the following benefits and risks:

Benefits (p. 5-22&23)

1. Standardization that would simplify reporting to state
2. Improved accountability
3. Economies of scale
4. Ease of operations for smaller districts
5. personnel mobility

Risks

1. One product does not fit all
2. Difficulty integrating with other districts systems
3. Encroachment of local control
4. Existing district investments in accounting hardware
5. Inappropriate comparisons between districts
6. Scalability of technology (due to the large size of the Texas educational system)
7. Scalability of implementation and support services (are there enough skilled individuals to support the system?)

8. Funding for on-going costs

Three options were considered by Texas

1. Centralized statewide system – State Hosted
2. Distributed Statewide System – regionally hosted
3. Statewide certification process for vendors – local

Option 3, the statewide certification process was recommended for Texas because it cost the least but provided significant benefits for those costs. The Texas education agency would need to build the capacity to maintain such a process. The report lists the staff positions that would be needed to carry out this option.

Positions necessary for certification process

1. Certification program manager
2. Certification testing manager
3. Vendor manager/liaison
4. K-12 financial functional leader
5. K-12 human resource functional leader
6. K-12 payroll functional leader
7. Application programmer/integration specialist
8. Database administrator
9. System engineer
10. Network engineer
11. Documentation manager/administrator

We agree that the certification option is the most feasible of the options recommended, especially for a very small state like Vermont. Even then the cost would not be proportionally less for Vermont than the one estimated for Texas. The resource level is more dependent on the volume of certification requests and less on the size of the population.

The department recommends the state consider another option. Rather than certifying software packages, we believe developing specifications for such packages would provide more consistency of financial reporting and cost less. Districts could then gauge their choice of vendor on how closely its package met the state's specifications. Developing specifications would require the assistance of an independent consulting firm which would create some start-up costs. Once established, it would be necessary to keep the specifications up to date, but those costs should be considerably less than the initial costs.

Obtaining the services of a suitable consulting firm would be determined through the state's bidding process. To get a rough idea what the costs might be, consider that the winning bid for the state's needs assessment for upgrading its accounting system (VISION) was \$300,000.

Specifications would need to be updated as state requirements and technology changed. A three- or four-year cycle would seem to be reasonable for this.

(7) Consider the impacts and advisability of consolidating school business management services at the supervisory union level.

School business management services have generally been consolidated at the supervisory union level for some time. Of the 44 survey responses, 34 indicated the supervisory union office manages member district finances. However, this is not the case in every instance. Vermont law (16 VSA § 261a. duties of supervisory union board) makes this optional. Subsection 8 states:

(8) at the option of the supervisory union, provide the following services for the benefit of member districts according to joint agreements under section 267 of this title:

- (A) centralized purchasing;
- (B) construction management;
- (C) budgeting, accounting and other financial management;
- (D) teacher negotiations;
- (E) transportation; and
- (F) other appropriate services;

Given that Vermont has moved from a locally controlled, locally funded, and state aided educational system to a state funded educational system with greater state oversight of student outcomes in the last ten years, the department believes that having financial management of districts provided at each supervisory union would provide greater consistency of state policies and more efficient services for districts. While the few areas that have not already done this might express disagreement, a transition period of two or three years could be established to ease impacts of the change.

Conclusion

The current financial management system in place at supervisory unions and districts provides information that is critical to district operations and permits the department to perform its functions. The department believes this system would be improved with modest advancements in training offerings for business managers and the financial management software packages they use. To accomplish this we recommend the following:

1. Provide funding for completely revising the Handbook for Financial Accounting of Vermont School Systems. Estimated cost, \$150,00 - \$200,000.
2. Establish and maintain specifications for school district management software vendors so that purchasers can determine which packages will align with the state's accounting system and automate reporting information. Estimated cost, \$200,000 - \$300,000.
3. Create a task force to develop a practical coursework curriculum to meet the needs of school business officials. Approach Vermont's public and private higher education intuitions to create needed programs.

4. Bolster the voluntary certification program operated by the Vermont Association of School Business Officials by appropriating an annual grant of \$25,000 to offset administrative costs and to provide stipends for trainers.
5. Amend 16 VSA § 267 to make financial management of district within supervisory unions a requirement of the supervisory union office.

Appendices

A. Complete list of other types of training business managers have taken.

CFP training.

Computer software related.

Related workshops/conferences.

I obtain 40 hours of continuing professional development annually -- auditing/accounting/school

Accounting & I present for graduate courses and new business manager trainings.

Mostly thru VASBO, Tri-State Conference & DOE sponsored Trainings.

Human Resource, Management, Law.

Day-long seminars done by DOE.

Construction Management, FMLA, Fair Labor Standards Act, Negotiations, Collective

Bargaining, Budgeting, Web site development, GASB 34 and Other Audit/ Accounting

Topics, Food Service Management, Purchasing.

Multiple on-the-job trainings.

Too many to list.

School Finance Course -Masters Program at UVM, Payroll Certification courses through

American Payroll Institute.

DOE Seminars, VASBO, etc.

339 hours of CPE.

VASBO workshops.

Law courses and multiple continuing ed workshops related to a variety of areas in our field.

UVM Course.

Seminars.

Leadership, excel, cognitive coaching.

Food Service Mgmt Degree.

Conferences.

Trainings offered by Vermont State Department of Education- Stat Book, Special Education-
other Trainings include Central Vermont Employment Law Summit.

St of Vt Trainings.

ASBO sessions.

VASBO trainings, conferences.

Audit requirements; fraud prevention.

Just association participation in Vermont and National ASBO.

Doctoral program at UMASS EdD.

About 40 hours per year through VASBO.

Professional conferences, seminars.

Mostly Dept of Ed stuff for work.

Mentoring.

None.

Independent and directed readings.
VASBO - Business Manager 101.
Graduate - Certificate of Advanced Study, School Business Administrator and School District
Administrator Certification in NY.
VASBO gives me more info than a course could.
Workshops.
Regularly attend workshops/conferences for Business Managers.
ASBO & VASBO & GFOA.
VASBO & TRI-STATE.
Workshops and conferences.

B. What was the most critical piece of training you received as a new business manager and how was it provided?

No formal training yet - am signed up for the upcoming new BM training
State Dept of Ed knowledge of operations
None
Networking --knowing who to call for what and having a friendly face to rely on!
None provided
N/A
Mentoring from 2 former long-time business managers, training through VASBO
On the job training
VASBO meetings, one on one with other BMs and DOE staff
VASBO meetings and trainings, networking with other business managers
Completing the certification process helped me develop the appropriate skills I needed training
on.
On the job
Relative experience I received auditing for 4 years
On the job
The best training has been through Tristate Workshops
Information from VASBO
Handling personnel. Provided by experience.
By VASBO Members and DOE
Understanding by DOE Finance as I got up to speed
School finance course from Castleton
Working with other Vermont School Business Managers and taking the School Finance course. I
also believe The New Business Manager training course offered by VASBO has been highly
successful
Received training from previous Business Manager
School Finance, O(n) the (J)ob, (T)raining
Networking with other Business Managers
Handbook 2; training by VDOE
There was very little support
VASBO monthly meetings, provided via discussions at meetings - most training was on the job
On the job training
OJT, making mistakes
VASBO's 3 day Over one year course
Contract with former BM for training

Help from another business manager
Could have been more. Systems are better now.
Building the FY08 budget - Asked Brad James a lot of questions.
Certificate of Advanced Study in Educational Administration - SUNY @ Cortland
Mentoring from a retired Business Manager
Peer Support and DOE assistance
Monthly VASBO meetings
Mentoring
Principles of fund accounting. Worked with an accountant.
Very little was available at the time. Most assistance was received from other business managers.

C. List one area most important to you that should be offered as professional development.

Will know more after new BM training
Human Resources/Law
Accounting & Auditing standards
VASBO has done a great job putting together training for new business managers
Human Resources
Grants Management/Audit
Government Fund Accounting and Budgeting
Bus Mgr 101 and Certification Sessions
Vermont school financial code classification system
Effective Internal Controls on Activity Accounts
Understanding the multi facets of state finances and reporting requirements
business/accounting
Changes in ACT 68 and continued changes in human resource areas
IRS regulations/compliance issues
Technology Issues
Construction management
Cost accounting
Incorporating student assessment data into budget planning and allocating resources
Accounting
VASBO 3 day course
Duties/responsibilities vs time mgt
Revenue timing/requirements
Timeline and who provides what info related to building budgets as well as details on changes
such as New legislation.
Keeping up to date with changes in State and Federal laws and regulations
Investment
Changing legislation and payroll tax law changes
Legislative changes
Legislative Updates (annually)
Personnel issues. We have some excellent tools available through VSBIT but this area is a
significant exposure to the district.
There is no one area.
Computer software programming
Governmental accounting
Downsizing with declining enrollment.

Statistics

current school business training

Governmental Accounting

internal controls

Making schools run like real world businesses.

D. Responses to the question, “Approximately what proportion of your time is spent in each of the following areas?”

Financial Accounting	Cash management	Grants management	Budget development for SU	Budget development for districts	Negotiations	District operations	Other
35	5	20	10	10	0	20	0
25	2	15	4	40	1	13	0
35	5	20	10	10	1	10	9
30	5	10	5	30	5	5	10
0	0	0	5	5	5	35	50
18	2	30	0	40	0	5	5
5	1	0	10	30	10	40	4
40	5	5	10	25	5	10	0
25	15	10	0	25	5	5	15
30	10	5	20	20	1	10	4
25	5	10	0	15	5	25	15
25	5	5	10	15	5	20	15
20	3	10	5	20	10	20	12
10	10	10	10	40	5	5	10
85	10	1	1	0	0	3	0
30	2	10	1	20	10	20	7
40	20	5	0	20	5	0	10
15	5	5	5	25	2	25	18
25	2	3	5	25	5	10	25
10	0	0	20	0	10	40	20
20	5	15	5	20	5	25	5
50	5	5	40	0	0	0	0
15	5	5	5	30	0	40	0
30	5	25	5	15	5	10	5
25	10	5	5	20	10	15	10
30	5	15	3	30	5	5	7
15	5	10	5	45	10	5	5
15	10	15	5	20	10	15	10
15	5	10	2	15	2	50	1
50	2	5	5	20	5	0	13
25	10	15	5	25	0	15	5
20	2	15	2	20	2	30	9
20	10	10	20	20	2	5	13
25	10	35	3	15	5	7	0
25	10	20	10	20	5	5	5
10	5	10	5	25	15	10	20
50	5	15	0	10	5	5	10
25	2	2	10	40	1	19	1
25	10	20	0	15	5	5	20
10	5	5	10	45	15	5	5
20	10	20	0	20	5	10	15

E. Major activities included in the other category of the “time spent” question./

Transportation/Hot Lunch/
Special Education Reporting, Project Mgmt.
Human Resources
Payroll/Benefits Oversight
Personnel Management
I used operations for the district vs other
Budget management
Communications, HR & Public Relations
Payroll and Benefits administration
Construction projects & purchasing
Human resource functions
Administrative Duties
Transportation, Food Service, Maintenance
Board requirements
Serving on Leadership team, supporting instructional program evaluation and development 2.
Construction and project management - public relations relative to informing public what District needs are
Improve processes, human resources, fix problems, supervision,
Reviewing ed finance issues; talking to the public
Crisis management, emails, training
Providing financial software support
Bids
Personnel
Supervise personnel, Board meetings
Insurances, Contracts, Legal Issues
Research, contemplation
Human resources, contract negotiations (vendors) , insurance issues, bidding
Board communications
Managing the business - much more than chief accountant
Financial and budget management
state reporting & surveys
Transportation & Food Service
Insurance & Construction
Capital Improvements/Renovation
Student performance analysis
Other is a huge list, and I am sorry, I can't get it to 100%
Student performance data analysis; human resources, food service, transportation

F. Additional Comments from Business Manager Credentials Survey

One of the most significant weaknesses in the Vermont governance structure related to school business management is the statutory level of responsibility delegated to the school district treasurer. Often this elected position is filled by an individual who has very limited knowledge of the accounting or finance field and has little affiliation with the mission of the school district. Consequently many business functions related to cash management and cash receipts are inefficient. A second area of responsibility that should be further developed is in the area of analyzing school district spending within the context of state and local student assessment data.

Creating/implementing business systems across multiple districts is time-consuming, never-ending task. Managing the connection between program and business dimensions of the team effort. Much more is involved than seems to be appreciated. Even this survey glosses over the real job of the business manager!!

I see no need to have a certification process for School Business Managers. Every SU Business Manager has different roles and responsibilities. I believe that SU Boards can and should be able to hire a business manager based upon their needs and requirements. Certification will only limit the number of people eligible to serve as business managers which will drive up salary costs. Driving up salaries was the major reason that VASBO began their certification process and is why I refuse to seek their certification. Business managers realize that if you limit the supply the demand will increase and they will get higher salaries. I prefer to think that salary should be based upon duties, responsibilities, and performance.

I think that certification should be mandatory but be designed by VASBO as the "official" business manager courses I have taken are worthless. I want to learn from people that actually do it how to make my efficiency better. All new business managers should be required to take about 80 hours of courses and have 2 years experience before they can be certified.

Business managers should be licensed and allowed to participate in teacher's retirement -- including the option to buy back years previously served.

I am concerned that a state certification will limit the supply of eligible business managers thereby driving up salary costs to school districts. Also, I am concerned that if a licensing program similar to the teachers system is developed we will lose business managers. With the number of meetings I must attend at night I simply do not have the time to also take college courses. Business managers cannot work all day, attend school board meetings at night and also have enough time to take courses to keep a certification. SU Boards have the responsibility to hire someone they should have the flexibility to hire and retain someone based upon local needs, and job performance.

G. VASBO CERTIFICATION & RECERTIFICATION GUIDELINES & PROCEDURES

I. Review Committee Structure:

- A review committee of ten (10) persons shall be appointed by VASBO's executive board.
- Only certified Directors of School Business Management and Finance, or those individuals who become certified within the first quarter of their appointment, shall be eligible to serve on the review committee. Only certified members shall participate in determinations concerning the certification or recertification of applicants.
- The initial appointments shall be for two (2) years and then shall be staggered to insure a blend of new and experienced committee members.
- A minimum of five (5) members will be necessary for a quorum to conduct business.

II Certification/Recertification Schedule & Process:

- Certification processing shall be quarterly.

For certification on:

Jan. 1
April 1
July 1
Oct. 1

Application must be received by:

Nov. 15
Feb. 15
May 15
Aug. 15

- Each application will be considered on its merits.
- The certification process shall be by application. If the committee feels it is necessary, the applicant will be invited to participate in an interview.
- Those approved for certification/recertification will receive a letter and certificate. These will be presented at the next VASBO membership meeting or will be mailed to the recipient's office. The certificate shall read "The Vermont Association of School Business Officials certifies that (name) has successfully completed the requirements for certification of Director of School Business Management and Finance".
- Recertification applications shall tie all professional development activities to either the Skills area or the area of Responsibilities. If an applicant has presented a workshop, actual preparation time shall be figured at two hours for each hour of presentation time. (See Recertification Guidelines).
- Applicants who do not meet the standards will be notified by letter. The letter will explain the committee's decision and suggest a course of action that will enable them to be certified.

RECERTIFICATION GUIDELINES

- I. The 80-hour requirement begins with the date of certification and must be completed in two years. It is recommended those seeking recertification begin tracking all professional development activities as they occur. This will reduce the amount of preparation time needed when completing the recertification form.
- II. Activities (except for VASBO Committee work) **must be referenced to one of the 25 skill areas** in which a Director of School Business Management and Finance wishes to improve or expand his/her skills. These Skill Areas are defined in the Certification Application. The skill topics are listed herein.
 - Financial Planning and Budgeting
 - Fiscal Accounting and Financial Reporting
 - Fiscal Audits and Reports
 - School Activity and Student Body Funds
 - Cash Management
 - Debt Service and Capital Fund Management
 - Payroll Management
 - Personnel Management
 - Collective Negotiations
 - Staff Development
 - Educational Resources Management
 - School Plant Operations, Maintenance and Property Management
 - Plant Security and Property Protection
 - School Construction Management
 - Educational Facilities Planning
 - General Management
 - Office Management
 - Purchasing
 - School Insurance and Risk Management
 - Legal Control
 - School Community Relations
 - Business Technology
 - School Transportation Services
 - School Food Services
 - Grantsmanship
- III. No one type of activity may account for more than 45 hours of the total 80 hours. For example, if the total hours attending numerous workshops equal 55 hours, only 45 hours can be counted toward the total 80 hours.
- IV. Activities include the following and **must be referenced to one of the 25 skill areas**.

1. Graduate and/or appropriate undergraduate courses: These are the courses that are offered by an accredited college or university for college credit. These courses may be audited for certification credit.
2. Workshop Participation: These are part day or full day workshops that are put on by VASBO, VSA or other organizations outside of your school.
3. Conferences: Conferences are separated from workshops by their length and location. A conference is for more than one day and usually (but not always) involves an overnight stay. Examples of conferences are Tri-State Conference, ASBO National Conference, and VSA/VSBA Conference. A conference is usually made up of numerous workshops that must be listed individually.
4. VASBO Committee work: Service on a VASBO committee may be counted for professional development. Time spent on VASBO committees is the only activity that does not have to be referenced back to a skill area.
5. Workshop Preparation and Presentation: If the applicant makes a presentation at a workshop outside of his/her own district, the time spent preparing for the presentation may be counted as professional development. Preparation should not be more than two (2) hours for every one (1) hour of presentation. The time spent making the presentation may also be counted.
6. Inquiry, action research, research: If a Director of School Management and Finance spends time on research for VASBO, VSA or other educational organizations (excluding the applicant's local school district), the time spent conducting this research may be counted.
7. District, State or National Committee Service: Time spent on committees that fall outside the applicant's regular job duties or job description may be used for professional development credit. If the committee work is within the applicant's school district, include a statement as to why this committee work is outside of regular assigned duties.
8. Mentor Activity: Time spent mentoring another business manager, an administrator outside the applicant's school district, or a student attending a college or graduate level course related to school administration, may be claimed if properly documented. Documentation for mentoring students must include the name of the course, the instructor, the student's name and the subject area covered.
9. Peer Coaching: Time spent coaching another business manager may be claimed if properly documented.
10. Educational Work/Travel Experience: Educational work experiences such as an internship or other activities undertaken as part of a course may be claimed. Knowledge gained during travel experiences may also be claimed if it is referenced back to a skill area. As VASBO members travel around the country (and the world) they should seek out their peers and

learn how they have solved some of the issues business managers face in Vermont.

11. Professional Writing: Time spent on researching and writing articles that are published in a professional journal ((such as School Business Affairs) may be included. To qualify as a professional journal, the journal must have a distribution greater than a local geographical area.
12. Other Activities: If there are other professional development areas that can reference back to a skill area, the applicant may include them. The certification committee will review the activity and make the final determination as to its qualifying. The committee advises checking with them first. The committee meets on a quarterly schedule, and is available as needed.

- V. There are two application formats for submitting hours on professional development for committee review. Please select one.

The first format is included in the application for re-certification. All blanks must be filled in. Group activities together by category. After listing activities within a group, include a summary of the total hours for that activity. These groups may be submitted on a separate sheet attached to the application.

The second format is a spreadsheet with column headings for Course/Activity, Date, Provider Name, Performance Skill Area, and Hours. This format allows for continuous record keeping as events occur and will make the application process easier.

A sample of a completed spreadsheet is attached.

IB – PROFESSIONAL STANDARDS VERMONT ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

Vermont Association of School Business Officials (VASBO) has established a certification process to enhance the professionalism of school business administrators. The certification is currently administered by VASBO, with the hope that someday the State of Vermont will take over as the licensing agency for school business administrators.

In order to receive VASBO certification as a **Director of School Business Management and Finance**, a school business administrator must meet the following standards and be committed to the established principles.

Principles:

- “School business administration operates as a service area to the district”. The school business administrator will conduct the business affairs of the district in such a way as to ensure the best possible educational services with the financial resources available.
- The school business administrator will ensure that the business affairs and accounting practices of the district are in compliance with all federal, state, and local regulations. “Sound business practices must be observed in all school business activities. The articulation of these practices is the responsibility of the school business administrator”.
- School business administrators will commit to personal ongoing professional development.
- “Ethical codes of conduct will be observed at all times”.

(Miles, 1986)

Minimum Qualification:

- Bachelor’s Degree in business Management, Accounting, or Economic, or certification by a peer review committee.

Skills Necessary:

The following is a list of skills needed by a certified Director of School Business Management and Finance. This list is taken from research conducted for the Association of School Business Officials (ASBO) University Contracts Committee by C. S. McGuffey. (Miles, 1986) School Business Officials seeking certification may obtain professional development in any of the following skill areas through the VASBO organization.

- Financial Planning and Budgeting
Skills necessary to ensure the development and implementation of annual and multi-year operating plans, with knowledge and understanding of different budget types to reflect them, monitoring to ensure accomplishment of the plan within the budget, while meeting State and Federal requirements.

- **Fiscal Accounting and Financial Reporting**
Skills necessary to establish and direct all phases of financial accounting and reporting including cash receipts, disbursements, receivables, payables, purchasing, payroll, and general ledger in accordance with generally accepted accounting principles and Handbook II as adopted by the Vermont Department of Education .
- **Fiscal Audits and Reports**
Skills necessary to ensure the school district conforms to audit requirements that audits are performed in compliance with generally accepted auditing standards, and respond as necessary to audit findings.
- **School Activity and Student Body Funds**
Skills necessary to establish and monitor student activity funds in compliance with generally accepted accounting principals. Ensure funds are included in the district's audit.
- **Cash Management**
Skills necessary to prepare cash flow projections and analysis, arrange for short and long-term borrowing, invest to conserve principal and increase value, and administer to meet current obligations.
- **Debt Service and Capital Fund Management**
Skills necessary to provide liaison between school districts and bonding sources in order to provide funds for capital projects. Maintain control over capital funds to provide maximum return and liquidity while protecting principal.
- **Payroll Management**
Skills necessary to establish and maintain systems that comply with statutory requirements, and ensure accurate and timely payment of employees.
- **Personnel Management**
Skills necessary to ensure development of job descriptions and recruit, interview, hire, supervise, and evaluate staff as required; develop and administer personnel policies and [procedures in accordance with State and Federal legislation; and direct administration of employee benefit programs.
- **Collective Negotiations**
Skills necessary to cost out all proposals presented at negotiations and to present long-term ramifications thereof; to develop financial information that can be used during negotiations.
- **Staff Development**
Skills necessary to develop professional and support staff personnel to their fullest potential.

- **Educational Resources Management**
Skills necessary to manage resources of the district in an effective and efficient manner. Oversee the purchase, inventory, management and disposal of supplies, books, and equipment as needed to implement the educational policies of the supervisory union.
- **School Plant Operations, Maintenance and Property Management**
Skills necessary to manage the maintenance and operation of property, plant and equipment in a manner that will preserve and enhance its value while minimizing long-term cost.
- **Plant Security and Protection**
Skills necessary to manage building security and property protection.
- **School Construction Management**
Skills necessary to develop and maintain procedures that comply with statutory requirements for the construction and modification of facilities and management of the accomplishment of these projects.
- **Educational Facilities Planning**
Skills necessary to develop educational specifications, work with an architect to secure plans that meet the requirements of a healthy building environment, optimizes long-term operating cost, and assist with obtaining necessary permits.
- **General Management**
Skills necessary to manage the affairs of the business office and assist the superintendent in the general areas of planning, organizing, decision making, and leadership of the supervisory union.
- **Office Management**
Skills necessary to assume the responsibility for and supervision of personnel in the central office and/or other school sites as necessary to assure efficiency, accuracy, and effectiveness in regards to such areas as accounting, secretarial services, and personnel functions in accordance with Federal and State laws and with the policies of the supervisory union.
- **Purchasing**
Skills necessary to establish and maintain systems that comply with statutory requirements and ensure acquisition of items that are within operating plans and budgets, meet needs at optimum cost, and provide required data for accounting and asset management.
- **School Insurance and Risk Management**
Skills necessary to determine required insurance coverage of all persons, real estate and personal property, and make appropriate recommendations to the Superintendent and School Boards. Develop accurate insurance coverage specifications for bidding purposes. Establish, manage and support a comprehensive Risk Management program throughout the supervisory union.

- **Legal Control**
Skills necessary to act a liaison between school districts and lawyers involved in school legal matters. Work with school administrators to provide policies and procedures to limit legal liabilities. Knowledge of all pertinent statutes relating to school districts.
- **School Community Relations**
Skills necessary to effectively communicate and interact with the public and to respond to community concerns.
- **Business Technology**
Skills necessary to evaluate different business related technologies, and to use technology in administrative applications.
- **School Transportation Services**
Skills necessary to oversee the district's transportation services in an efficient and safe manner.
- **School Food Services**
Skills Necessary to oversee management of the district's food service program ensuring adherence to all Federal and State policies.
- **Grantsmanship**
Skills necessary to administer the grant process including application, receipt, disbursement, and reporting.

Areas of Responsibility:

The district he/she serves determines the actual role of the school business administrator. There is no uniform pattern of responsibilities between districts. For this reason, the wording "*is able to*" has been inserted to avoid imposing roles onto individual school districts. In order to become a certified Director of School Business and Finance, a school business administrator must demonstrate the ability to perform the following areas, under the supervision of the superintendent.

1. Is able to manage the business and financial affairs of the schools.
2. Is able to assume a leadership role in budget development and long-range financial planning.
3. Is able to establish and supervise a program of accounting and financial reporting in accordance with "Handbook II" and sound school fiscal practices.
4. Is able to assume the responsibility for and supervise all payroll, benefit and contractual obligations.
5. Is able to supervise the collection, safekeeping, distribution, borrowing, and investments of all funds, working in conjunction with local treasurers as needed.
6. Is able to assume the responsibility for risk management programs.

7. Is able to assume the responsibility for and/or supervise support services such as property services, transportation, purchasing, and food service.
8. Is able to prepare bid specifications and/or manage the bid process.
9. Is able to play a key role in facility expansion programs and construction activities
10. Is able to develop and administer a budget control system.
11. Is able to act as an advisor to the superintendent on all questions relating to business and financial affairs.
12. Is able to assist in recruiting, hiring, training, and evaluating clerical, financial, and support staff personnel.
13. Is able to serve as liaison with external auditors.
14. Is able to communicate and respond to financial concerns of the community.
15. Is able to participate in negotiations with professional and non-professional personnel.
16. Is able to gather, analyze, and interpret data for negotiating purposes and other statistical studies.
17. Is able to assist building level administrators in plant management, property management, plant operations, and plant security.
18. Is able to work with grant writers in the development and procurement of grants.
19. Is able to work in a collaborative environment.

Professional Development:

School business administrators recognize the importance of continued professional development.

The purpose of this is to:

- Maintain a high level of professional competency
- Stimulate self-growth
- Focus on job effectiveness and performance

School business administrators who apply for and receive certification from VASBO will make a commitment of 80 clock hours in professional development activities (see below) over the course of two years. These activities should be referenced to performance areas the individual identifies as areas in which he/she desires improvement or expansion of knowledge. No one activity will account for more than 45 of the total 80 hours. Professional development activities will be reviewed and approved (or not approved) by a professional development review committee established by VASBO.

Professional development activities for consideration:

- Graduate and/or appropriate undergraduate courses
- Workshop participation

- Workshop preparation and presentation
- Conferences
- Inquiry, action research, research
- District, state, VASBO, or national committee service
- Mentor activity
- Peer coaching
- Educational workshop/travel experience
- Professional writing
- School-community or school-business partnership initiatives
- Administrator-initiated projects

Ethics and Standards of Conduct:

Because schools belong to the community, school boards are entrusted with the governance of the public schools. School business administrators share this trusteeship. Their duty is to protect and preserve the schools in every way they can consistent with the scope of their responsibilities (Shannon, 1983).

VASBO adopts the Code of Ethics & Standards of Conduct of ASBO (see following pages).

IC. CODE OF ETHICS & STANDARDS OF CONDUCT

An educator administrator's professional behavior must conform to an ethical code. The code must be idealistic and at the same time practical so that it can apply reasonably to all educational administrators. The administrator acknowledges that the schools belong to the public they serve for the purpose of providing educational opportunities to all. However, the administrator assumes responsibility for providing educational leadership in the school and community. This responsibility requires the administrator to maintain standards of exemplary professional conduct. It must be recognized that the administrator's actions will be viewed and appraised by the community, professional associates and students. To these ends, the administrator subscribes to the following statement of standards.

The educational administrator:

1. Makes the well-being of students the fundamental value in all decision-making and actions.
2. Fulfills professional responsibilities with honesty and integrity.
3. Supports the principle of due process and protects the civil and human rights of all individuals.
4. Obeys local, state and national laws and does not knowingly join or support organizations that advocate, directly or indirectly, the overthrow of the government.
5. Implements the governing board of education's policies and administrative rules and regulations.

6. Pursues appropriate measures to correct those laws, policies and regulations that are not consistent with sound educational goals.
7. Avoids using positions for personal gain through political, social, religious, economic or other influence.
8. Accepts academic degrees or professional certification only from duly accredited institutions.
9. Maintains the standards and seeks to improve the effectiveness of the profession through research and continuing professional development.
10. Honors all contracts until fulfillment or release.

Standards of Conduct

Now especially in this age of accountability, when the activities and conduct of school business officials are subject to greater scrutiny and more severe criticism than ever before, Standards of Conduct are in order. The Association cannot fully discharge its obligations of leadership and service to its members short of establishing appropriate standards of behavior.

In relationships within the school district it is expected that the school business official will:

1. Support the goals and objectives of the employing school system.
2. Interpret the policies and practices of the district to subordinates and to the community fairly and objectively.
3. Implement, to the best of the official's ability, the policies and administrative regulations of the district.
4. Assist fellow administrators as appropriate in fulfilling their obligations.
5. Build the best possible image of the school district.
6. Refrain from publicly criticizing board members, administrators or other employees.
7. Help subordinates achieve their maximum potential through fair and just treatment.

In the conduct of business and the discharge of responsibilities, the school business official will:

1. Conduct business honestly, openly, and with integrity.
2. Avoid conflict of interest situations by not conducting business with a company or firm in which the official or any member of the official's family has a vested interest. Avoid preferential treatment of one outside interest group, company or individual over another.
3. Uphold the dignity and decorum of the office in every way.
4. Avoid using the position for personal gain.
5. Never accept or offer illegal payment for services rendered.
6. Refrain from accepting gifts, free service, or anything of value for or because of
7. Permit the use of school property only for officially authorized activities.
8. Refrain from soliciting contributions from subordinates or outside sources for gifts or donations to a superior.

In relationships with colleagues in other districts and professional associations, it is expected that the school business official will:

1. Support the actions of a colleague whenever possible, never publicly criticizing or censuring the official.

2. Offer assistance and/or guidance to a colleague when such help is requested or when the need is obvious.
3. Actively support appropriate professional associations aimed at improving school business management and encourage colleagues to do likewise.
4. Accept leadership roles and responsibilities when appropriate, but refrain from “taking over” any association.
5. Refrain from using any organization or position of leadership for personal gain.

As printed in School Business Affairs, March 1994

REFERENCES

- Miles, F. M. (1986). Introduction to school business management. In R. C. Wood, Principles of School Business Management, Reston, Virginia: ASBO International.
- Shannon, T. (1993). What your board wants, school board expectations for business officials. School Business Affairs, 59 (8), 35-37.

**Sample file-Use this format
when submitting
recertification hours.**

Name:

VASBO-Continuing Education For Recertification

Date: July 1, 2001-June 30, 2004

<u>Course/Activity</u>	<u>Date</u>	<u>Provider</u> <u>Name</u>	<u>Performance</u> <u>skill area</u>	<u>#Hours</u> <u>Cert.</u>
<u>Workshop Summary*Attach Certificate of Attendance</u>				
School Construction	9/14/01	VASBO	School Construction	1
Act 117	10/19/01	VASBO	Audit Implications	1.5
Food Service Reporting	3/8/02	VASBO	Food Service Reporting	1.5
Statistical Report Training	6/13/02	VASBO	Review of Stat Report updates	1
IRS Presentation	2/14/03	VASBO	Annuity Processing - 403B/457	2
Food Service Presentation	3/14/03	VASBO	Web Based Claims Processing	1

Subtotal Workshops

8

Conference Summary*Attach Certificate of Attendance

Excel Training	1/12/02	Knowledgewave	Level II & Level III	4.5
What's Taking Place in the Insurance Marketplace?	2/8/02	VSBIT	Insurance	2
Excel Training	4/19/02	Knowledgewave	Level II & Level III Implementing GASB	4
GASB 34	5/15/02	Tri-state	34	8
403b Changes	5/16/02	Tri-state	Annuity Processing	0.75
E World Gadgets & Toys	5/16/02	Tri-state	Palm Pilot Overview	1.5
Who Wants To Be A Millionaire	5/16/02	Tri-state	Various	1.5
Effective Management Skills	5/17/02	Tri-state	Key note Address	1.5
Social Security Administration	11/21/02	Green Mtn Payroll Assoc.	Social Security Update & Contacts	2
Situational Leadership	12/10/02	VSBIT	Leadership Styles & Use	3
Insurance & Workers Compensation	4/10/03	VSBIT	Overview of Claims Processing & Bids	3.5
VOSHA, Employment Liab Ins, HIPPA	4/11/03	VSBIT	Injury Prevention, Insurance Risk, HIPPA Implementation	3.75
GASB 34	5/14/03	Tri-state	Implementing GASB 34	1.5

Vermont Department of Education

Interactive Classroom Technology	5/14/03	Tri-state	Smartboards	1.25
Personal Digital Assistant	5/14/03	Tri-state	Novice Training	1.25
Power Point Training	5/15/03	Tri-state	Power Point Training	1.25
Legal And Financial Issues	5/15/03	Tri-state	No Child Left Behind	1.75
Trends in Negotiations	5/15/03	Tri-state	Union Bargaining	1.25
The Ten Most Costly Financial Retiree Mistakes	5/16/03	Tri-state	Planning For Retirement	0.5
Roaring fires,Flickering Flames, Dying Embers or Cold Ashes	5/16/03	Tri-state	Key note Address	1.5

Subtotal Conferences

46.25

VASBO Office

VASBO Executive Cmte-Treasurer	8/3/01	VASBO	Prep for the Year & Financial Processing	5
VASBO Executive Cmte-Treasurer	8/17/01	VASBO	Prep for the Year & Financial Processing	5
VASBO Executive Cmte-Treasurer	10/05/01	VASBO	Prep for the Year & Financial Processing	7
VASBO Executive Cmte-Treasurer	11/30/01	VASBO	Prep for Monthly Mtg & Financial Proc.	6
VASBO Executive Cmte-Treasurer	1/4/02	VASBO	Prep for Monthly Mtg & Financial Proc.	4
VASBO Executive Cmte-Treasurer	1/25/02	VASBO	Prep for Monthly Mtg & Financial Proc.	4
VASBO Executive Cmte-Treasurer	3/29/02	VASBO	Prep for Monthly Mtg & Financial Proc.	4
VASBO Executive Cmte-Treasurer	5/31/02	VASBO	Prep for Monthly Mtg & Financial Proc.	4
VASBO Executive Cmte-Treasurer	6/10/02	VASBO	Prep for Monthly Mtg & Financial Proc.	2

41

VASBO Committee-Tri-state

Committee Meeting	9/28/01	Tri-state	Preparation for annual conference	4
Committee Meeting	1/14/02	Tri-state	Work for entertainment	4
Committee Meeting	4/26/02	Tri-state	Preparation for annual conference	4
Committee Meeting	5/14/02	Tri-state	Preparation for annual conference	4
Committee Meeting	6/24/02	Tri-state	Preparation for annual conference	6
Subcommittee Work	6/25/02	Tri-state	Preparation for annual conference	3
Committee Meeting	9/27/02	Tri-state	Preparation for annual conference	4

29

Total All Categories

Must Equal or Exceed
120 Hours

124.25